



Northern Illinois
University

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FILE COPY

June 12, 2015

Mr. Mark L. Rotert
Stetler, Duffy & Rotert
10 South LaSalle Street
Suite 2800
Chicago, Illinois 60603

RE: Ronald Walters / Northern Illinois University

Dear Mr. Rotert:

This letter is in response to your correspondence to Dr. Alan Phillips, dated May 29, 2015. With respect, given Illinois law and the rulings of two separate State of Illinois entities, we cannot accept the position set forth in your letter. Therefore, Northern Illinois University ("N.I.U." or "University") renews its request that Mr. Walters return all monies reimbursed to him for travel expenses, in the amount of \$34,265.20. Moreover, the University reasserts its position that the \$26,478.45 paid on behalf of Mr. Walters (for room charges at the Holmes Student Center) is compensation subject to taxation. W-2 forms for 2013 and 2014 have been issued reflecting this amount of compensation.

In sum, your letter is based on the premise that Mr. Walters was an independent contractor during his time at Northern Illinois University ("N.I.U." or "University"), as opposed to a University employee. This premise is mistaken, and clearly contradicted by University documents. With regards to Mr. Walters' services, the University never issued a Request for Proposal, nor did Mr. Walters or any other independent contractors bid to provide the services eventually performed by Mr. Walters. On the contrary, Mr. Walters was hired by the University as an Affiliate Employee at a fixed salary. Mr. Walters did not bill for his services. His salary was set. His employment as an Affiliate Employee was extended on several occasions, and his salary was increased. There is no factual dispute on this matter as indicated by the University's Human Resources paperwork (see Group Exhibit A attached).


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Because he was a University employee, both Mr. Walters and the University are bound by Illinois law regarding employee reimbursements for travel and lodging. Although N.I.U. sought an exception to those rules for Mr. Walters' travel and housing expenses, on April 28, 2015, the Illinois Higher Education Travel Board denied this exception request (see Exhibit B attached). Moreover, the Illinois Auditor General specifically told the University to recoup Mr. Walters' travel expenses (see Exhibit C attached). Accordingly, the University has no legal authority to pay for Mr. Walters' travel and housing expenses. Illinois law governs and requires that the travel expenses be returned by Mr. Walters and that Mr. Walters' housing costs either be returned, or converted to a taxable benefit. This is not the ruling of the University, but rather the rulings of the Illinois Auditor General and the Illinois Higher Education Travel Board. Neither the University nor Mr. Walters are at liberty to disregard Illinois law or specific orders of State of Illinois officials.

Therefore, the University reasserts its request and demands payment of \$26,478.45 within 30 days of the date of this letter.

Sincerely,

NORTHERN ILLINOIS UNIVERSITY


Jerry D. Blakemore
Vice President and General Counsel

J. D. Blakemore

JDB/jgg
Enclosures

cc: Dr. Alan Phillips, Vice President, Administration and Finance